



# BPC Retail Report

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## Potato Statistics

### Highlights

Both value and volume show slight year on year decreases of 1.3% and 0.7% respectively.

In value terms, frozen potato products decrease of 5.5% hides growth across all other categories

In volume terms, there are modest decreases across the categories except recon. and convenience potatoes which show good growth of 15.3% and chilled potatoes which show growth of 0.2%

<b>POTATO PRODUCTS</b> 52 wks to 10 Sep 2006	<b>VALUE</b> (£000s)	<b>VALUE CHANGE</b> % Yr on Yr	<b>VOLUME</b> (Tonnes)	<b>VOLUME CHANGE</b> % Yr on Yr	<b>AVERAGE RETAIL PRICE</b> (£ per kilo)
<b>Frozen Chips</b>	266,533	1.5	309,824	-0.1	0.86
<b>Frozen Potato Products</b>	172,099	-5.4	134,156	-1.9	1.28
<b>TOTAL FROZEN</b>	<b>438,632</b>	<b>-1.3</b>	<b>443,980</b>	<b>-0.7</b>	<b>0.99</b>
<b>Recon. &amp; Conven. Potato</b>	27,202	5.0	12,732	15.3	2.14
<b>Chilled Potatoes</b>	16,695	8.6	5,861	0.2	2.85
<b>Canned Potatoes</b>	14,397	0.1	24,908	-3.6	0.58
<b>Crisps</b>	562,671	0.9	116,254	-0.5	4.84

### Highlights

Total fresh potatoes show growth of 1.7% by volume and 0.7% by value

In terms of value growth, organic potatoes continue to show the largest increase of 10.2% year on year, with pre-packed baking at 8.6% growth and pre-packed new at 9.4%. The total loose category shows an 8.1% decrease

Organic potatoes also continue to show good volume growth of 11.6%, but this is beaten by pre-packed baking at 12.7%, third are pre-packed new at 7.2%. The pre-packed sector overall shows volume growth of 2.6%.

<b>POTATOES by PACK TYPE</b> 52 wks to 10 Sep 2006	<b>VALUE</b> (£000s)	<b>VALUE CHANGE</b> % Yr on Yr	<b>VOLUME</b> (Tonnes)	<b>VOLUME CHANGE</b> % Yr on Yr	<b>AVERAGE RETAIL PRICE</b> (£ per kilo)
<b>Pre-packed New</b>	223,980	9.4	308,271	7.2	0.73
<b>Pre-packed Maincrop</b>	350,225	0.3	909,416	-0.4	0.39
<b>Pre-packed Baking</b>	97,523	8.6	157,583	12.7	0.62
<b>TOTAL PREPACKED</b>	<b>671,728</b>	<b>4.4</b>	<b>1,375,270</b>	<b>2.6</b>	<b>0.49</b>
<b>Loose New</b>	67,173	-12.5	91,830	-13.4	0.73
<b>Loose Maincrop</b>	23,529	-2.8	39,905	-5.8	0.59
<b>Loose Baking</b>	72,693	-5.3	75,487	-8.5	0.96
<b>TOTAL LOOSE</b>	<b>163,396</b>	<b>-8.1</b>	<b>207,222</b>	<b>-10.3</b>	<b>0.79</b>
<b>Organic</b>	23,914	10.2	29,625	11.6	0.81
<b>Conventional</b>	811,210	1.4	1,552,867	0.5	0.52
<b>TOTAL FRESH (Retail)</b>	<b>835,124</b>	<b>1.7</b>	<b>1,582,492</b>	<b>0.7</b>	<b>0.53</b>

DATA SOURCE—TNS

All potatoes—GB & Imports

## Retail Detail



RETAILER SHARE OF FRESH POTATO MARKET 52wks to 10 Sep 2006	VALUE %			VOLUME %		
	Total Potatoes	Prepack Potatoes	Loose Potatoes	Total Potatoes	Prepack Potatoes	Loose Potatoes
Tesco	28.0	29.4	22.6	30.0	31.3	21.6
Sainsbury	16.6	16.9	15.3	14.0	14.1	13.9
Morrisons	12.1	12.6	9.9	12.3	12.6	10.2
Asda	13.2	13.9	10.4	15.0	15.7	10.2
Somerfield	4.7	4.5	5.6	4.3	4.2	4.6
Co-Op Grocers	4.4	4.6	3.4	4.4	4.6	2.9
Marks & Spencer	3.8	4.1	2.9	1.6	1.6	1.8
Waitrose	4.0	3.5	5.7	2.7	2.4	4.4
Aldi	1.9	2.3	0.1	2.4	2.7	0.1
Lidl	1.5	1.8	0.2	2.2	2.5	0.2
All others	9.8	6.4	23.9	11.1	8.3	30.1
<b>TOTAL MARKET</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

DATA SOURCE—TNS

## Retail News

*'65% of shoppers are over 50'*

### 'Somerfield was a confused business'

Somerfield has stopped its Market Fresh and Essentials formats and also wound up its franchising trials as its new management team states its ambition to become the 'local grocery store' of choice.

It says it will also tailor more of its products towards the over 50's, after a survey of 40,000 shoppers revealed the older age group as its core market.

Somerfield's chief executive Paul Mason said in a recent interview that he had inherited a 'confused' business and that he intended to focus on the older demographic. The company's largest ever survey showed that 65% of its shoppers were over 50 and their children had moved out – a contrast to the core audiences of mums and families targeted by Tesco, Sainsbury's and Asda. Mason has also initiated an extensive range review across the ambient sector which is likely to see a rationalisation of the products stocked. When this is complete the fresh section will be analysed.

### Farmer's markets in the High Street

According to a report in the Grocer magazine, a group of businessmen is set to launch a new chain of small supermarkets supplied directly by farmers and growers. The Farmer's City Market chain will be based initially across the south east, with the first store set to open next month in Hampton Hill near Kingston on Thames, although there are plans for rapid expansion across the the country.

A director of the new company said the concept was designed to bring the best elements of a farmers' market under one roof, but minus the mud, inconsistencies and inconvenience. The first store will be divided into food zones selling premium products and complete with a master butcher, fishmonger and fresh pasta maker. Specially designed point of sale material will ensure that the farmers' retain their own identity, while detailed information on product origin will be provided, alongside cookery and serving suggestions. There will be organic produce on offer but the greater emphasis will be on quality, local sourcing and seasonality

### Tesco's reach stretches further

Recently released CACI data shows that Tesco is now the dominant player in 81 of the country's 121 postcode areas, up from 67 a year ago. It is second in 24 of the remaining 40 areas.

*'quality produce, locally sourced and seasonal'*

## BPC autumn marketing campaign – FACT NOT FICTION

The innovative new campaign from the BPC this autumn centres on mothers, and the confusion they feel with the plethora of healthy messages in the media about what is good for you and what is not. They are under pressure to cook perfect meals and be a domestic goddess, and feel guilty about anything less!

The objective of the campaign is therefore to show mums that they needn't feel guilty about using potatoes and to create great meals for their families they don't need to be Nigella!

The campaign will include:-

**Advertorials** – in a range of publications and weekend supplements including the Saturday Times magazine and a weekly column in the 'Weekend' supplement of the Saturday edition of the Daily Mail for four weeks

**Mum's the Word report by Dr Miriam Stoppard** – specially commissioned on the guilt factor that mums feel on the white lies some tell their children. Ideally positioned for press interest

## Food labelling – what consumers really think!

Health we are told is one of the key drivers in the food industry and if the amount of 'healthy' food products in stores now is anything to go by, then there can be little doubt this is true. It therefore stands to reason that consumers want to see clearer nutritional information about the products they are buying on the front of packs. Or does it?

What do consumers really think about food labelling and the Food Standards Agency (FSA) multiple traffic lights scheme or the alternative GDA (guideline daily allowance) system adopted by many manufacturers and retailers.

According to the results of the latest Food Manufacturer poll, carried out by Harris Interactive, opinions are mixed. Although 65% of consumers find the front of pack traffic light labelling a useful way of helping them see whether a product is healthy or not, a massive 45% said front of pack labelling has had no effect on their purchasing decisions.

In fact only 9% said their buying habits had changed dramatically as a direct result of the labelling schemes. This is in contrast to recent reports from Tesco which said sales of healthier products had soared by 80% since the introduction of its own front of pack labelling scheme.

## Rediscovering the tastes of yesteryear

Further to an article in last month's Retail Report regarding the increased interest in cooking from scratch (Health drives home cooking), a recent Daily Telegraph article reveals further evidence of the shift.

The Telegraph says that lard, broth and trifle, once staples of the larder are making a comeback as diners spurn ready meals in favour of cooking like Grandma. It says that the Women's Institute has been besieged by born-again cooks clamouring to learn traditional techniques. It says even leading supermarkets have been inspired to introduce pies, tarts and quiches made using methods popular in the 1940's.

'The lack of cookery lessons in schools over the past two generations has meant today's children can't eat well at home, as their parents simply can't cook,' said Sue Bridger, home economics spokesman for the WI, which has 215,000 members across the country. "But now they want to find out how their grandmothers, or even great-grandmothers, used to cook those wholesome meals that their parents loved as children."

Jenny Stringer, the principal of Leith's School of Food and Wine, in London, said: "Renewed interest in healthy cooking has resulted in more and more people taking lessons. Up to now people haven't always had the time or skills to cook properly."

**Fact not Fiction roadshow** – Mums get quizzed on potato health facts in locations across the country

**Slummy to yummy booklet** – designed to help mums use potatoes, including new recipes, horoscopes, fun quiz etc

**New web content** – including new recipes and a quiz

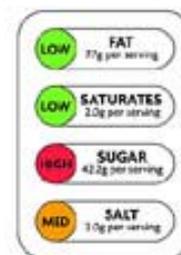
**New recipes** – tasty potato recipes created by a nutritionist and available to the press and via the website  
In addition to these exciting new elements to the consumer campaign, there are the following opportunities for industry to get involved:-

**Retail Promotions guide** – available from the BPC corporate website, it is a handy series of fact sheets (pdf's) available to help create retail promotions

**In pack leaflet** – top tips for cooking potatoes - this leaflet has become very popular with farm shops and will feature on potato packaging in coming months

But with so many different labelling schemes, manufacturers and retailers could be in danger of complicating the issue. Indeed, 46% of consumers said they found the different schemes confusing and would prefer to see one style used by all, which is what the FSA had hoped for. Only last month however, Tony Blair said the government was in no hurry to impose the FSA system. This will probably be a relief to manufacturers and the 46% of people that find the different schemes confusing, but of little concern to the 39% who believe the different labelling formats all make sense in their own right.

As to whether the labels are having the desired effect and helping consumers make healthier choices, the jury is still out – 40% said yes, but 43% said their health had not changed as a result of clearer nutritional information on the front of packs.



Marks and Spencer recognised the trend after its buyers visited WI events during the summer. In a survey of 500 customers, the store discovered that 80% wanted to recapture the taste of traditional cooking. As a result it has introduced 'blind baked' quiches, where the pastry is cooked twice, to prevent it becoming soggy. In the Telegraph article Henry Harris, chef-patron at Racine, a restaurant in Kensington, also recognised there had been a change in consumer tastes. "It means that we now cook the way I learnt 25 years ago. In my view, this should be the only way," he said.

Figures from research organisation TNS reveal that British food has overtaken Italian food as Britain's second favourite cuisine with Indian dishes still at number one. Recognising the trend, Tesco is launching a new range of British favourites to meet demand – "People want to eat the food they know and love," said a Tesco spokesman.

All good news for potatoes, whose heartland is in traditional British cuisine.



## IGD Convention 2006 – eight nuggets!

The annual IGD convention was held recently at the Royal Lancaster Hotel in London and the theme this year was 'Shaping the Future'. The aim was to provide new inspiration and direction for senior managers in the UK grocery industry. Speakers included senior figures from Tesco, Sainsbury's, Waitrose, Booker, Superdrug, Asda and the Co-op.

Throughout the next few months we will be covering various topics raised at the convention in the Retail Report. But as a taster of things to come here are seven nuggets from the convention!

**1** - For the first time in history, the rich are thinner than the poor. The obesity issue will see the food retailers taking more responsibility for what and how they sell food

**2** - The percentage of disposable income spent on food is likely, for the first time in years, to start increasing driven by a shift in consumers eating habits, and a greater emphasis on health and cooking from scratch.

**3** – According to Tesco's research, contrary to the common stereotype, education and family income do not automatically govern food eating and purchasing behaviour.

**4** - British consumers have lost contact with food and food production and the government, schools, education establishments and industry are going to have to work together to try to reconnect the consumer to the food they buy.

**5** - As previously mentioned in the Retail Report, look out for US chain 'Wholefoods Market' soon to open in the UK. The chain has been a major catalyst for change in the United States. All of the products they sell contain no additives.

**6** - Other big growth areas in the US are premium stores, with 67% of food retailers now experimenting with this format. Ethnic stores are also being tested and growth in these specialist stores is expected to be huge.

**7** - In the UK, 'exclusivity' is becoming more and more valuable. For large supermarket chains this gives a point of differentiation and will lead to growth in small, premium, niche brands.

**8** - Environmental responsibilities are also becoming more mainstream. Packaging and the environment are major drivers of the changes taking place.



Look out for more from the 2006 IGD Convention in future editions of the Retail Report

## Is organics still green? – a perspective from the Guardian

**'supermarkets imported 34% of all organic food they sold in 2005'**

£1.6bn of organic food last year, a 30% increase on 2004. It expects this year's rate of increase to be even higher.

To put it into perspective, British shoppers will soon be spending more on organic food than on fish. But as demand for home-grown organics accelerates away from supply and supermarkets fill the gap with imported food – sometimes air freighted from the other side of the world – a new ethical conundrum is facing the ecology conscious: is organic still green?

Supermarkets can only buy 40% of their organic apples in Britain. Tesco is flying in organic beef from Argentina and Sainsbury's say they will have significant challenges in meeting demand for organic beef and milk this winter. Supermarkets are at the front of the organic boom (76% is sold through them) and British farming's failure to keep up with it is partly due to the multiples themselves. Robust buying practices have kept farm profits low and discouraged the sort of investment a transfer to organics demands. For this and other reasons the land area in organic production in Britain fell by 8% last year.

What the ever growing demand will mean is more imports, and in 2005 supermarkets were sourcing two-thirds of salad vegetables and more than a third of other vegetables abroad – supermarkets imported 34%

Sales of organic food are booming – and growing faster than anything else we eat. According to the Soil Association, which is both chief policeman and a significant commercial force in organics, Britain bought

of all the organic food they sold in 2005. It is unlikely that British shoppers are going to be weaned off their love of fresh lettuce in midwinter, green-minded or not. But the move to imports poses major ethical problems for the organic movement.

In addition, the market is set to get dirtier as the fight between the multiples over which is 'greener' will be joined shortly by American giant Whole Foods Market, which will be opening the first of a possible 80 organic superstores in this country next spring.

The industry believes that a key weapon in the battle will be local sourcing. An organics wholesaler in New Covent Garden market said he had never seen the trade so busy, as

buyers compete to pre-order next spring's organic crops. As a result there has recently been a rash of initiatives from the big supermarkets, each with its own scheme to try and tie in British producers.

If a major supermarket can accuse its competitors of racking up air miles to bring in organics, it might well land a significant blow in the battle for the green-hearted consumer.

*This Guardian article reflects the growth in value and volume of organic potatoes, shown in chart 2 on page one.*



## It must be true, it's in the media



### Spotted in the national press:-

The price of rice is set to rise as the Food Standards Agency (FSA) has issued instructions to stores to remove any rice known to contain GM strains from their shelves. It follows ongoing concerns over the presence of GM strains in batches of long grain rice from the US. Selling products known to be contaminated with GM material is illegal in the UK.

The FSA had previously told businesses that actively tracking down and removing contaminated rice products was unnecessary because they didn't pose an imminent health risk. The updated advice follows the European Food Safety Authority's (EFSA) assessment of safety implications of GM material in rice.

### Spotted in trinitynews:-

'Eggvertising' is coming to the UK next year. When families in America sit down to boiled eggs they already find adverts for US television shows on the egg shells and advertisers are hoping to break into the market in Britain. The scheme which uses hi-tech laser beams to etch messages and logos on to eggs, has been developed by US company Egg Fusion who hope to get the go ahead by the European Commission to move into Europe in the near future.

Advertising on food is already popular in America and Australia where corporate slogans have appeared on doughnuts, bread and biscuits. *Perhaps potatoes will be next?*

### Spotted in Medical News Today:-

An American study has shown that the health behaviour of mothers has a strong effect on their daughters' nutrition, long term health and risk of being overweight. Mothers' nutrition decisions and exercise habits significantly affect the health decisions of their daughters because 'women traditionally make food and nutrition choices for the family.'

### Spotted on the BBC:-

It's not that often that a vegetable becomes the love of one's life, but for one actress, her passion for the potato has taken her to the Edinburgh stage. Jane Galloway appeared at the fringe festival this year in a show she wrote called 'Potatoes'. It traces the history and variety of the potato from the earliest discovery in South America to its first foray in to space!

*The BPC supported Jane by giving her material to distribute and keeping her informed of our campaigns key messages.*

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